

## SUMMARY ANALYSIS OF AMENDED BILL

Author: Wildman Analyst: Gloria McConnell Bill Number: AB 1287

Related Bills: See Legislative Telephone: 845-4336 Amended Date: 01/28/98

History

Attorney: Doug Powers

Sponsor:

**SUBJECT:** Intent to Authorize a Small Employer Health Coverage Credit

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended \_\_\_\_\_.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended \_\_\_\_\_.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO \_\_\_\_\_.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED/AMENDED \_\_\_\_\_ STILL APPLIES.

☒ OTHER - See comments below.

### SUMMARY OF BILL

This bill would express the Legislature's intent to authorize a credit under the Personal Income Tax Law (PITL) and the Bank and Corporation Tax Law (BCTL), for a period of five years, beginning on or after January 1, 1999, for eligible small employers that provide health coverage to their employees or dependents thereof. The credit would be an "applicable percentage" of the monthly costs paid or incurred during the year. The "applicable percentage" would be 10% for years beginning in 1999 and would increase 5% each year thereafter to a maximum percentage of 25% for years beginning 2002 and thereafter. The allowed credit would be in lieu of any deduction otherwise allowable, but the employer could elect to annually choose either the applicable deduction or the credit.

It also would be the intent of the Legislature that the California Research Bureau would be required to annually report to the Legislature on or before March 1, 2001, and each year thereafter on the effectiveness of the credit in encouraging small businesses to offer health insurance to employees.

The credit and reporting provisions are set forth for display purposes and would be operative only if expressly enacted.

### SUMMARY OF AMENDMENT

This amendment provides the intent language. The above credit and reporting

### DEPARTMENTS THAT MAY BE AFFECTED:

\_\_\_ STATE MANDATE

\_\_\_ GOVERNOR'S APPOINTMENT

#### Department Director Position:

\_\_\_ S \_\_\_ O  
\_\_\_ SA \_\_\_ OUA  
\_\_\_ N \_\_\_ NP  
\_\_\_ NA \_\_\_ NAR  
\_\_\_X\_\_\_ PENDING

#### Agency Secretary Position:

\_\_\_ S \_\_\_ O  
\_\_\_ SA \_\_\_ OUA  
\_\_\_ N \_\_\_ NP  
\_\_\_ NA \_\_\_ NAR  
DEFER TO \_\_\_\_\_

#### GOVERNOR'S OFFICE USE

Position Approved \_\_\_  
Position Disapproved \_\_\_  
Position Noted \_\_\_

Department/Legislative Director Date  
Johnnie Lou Rosas 2/5/98

Agency Secretary Date

By: Date:

provisions are retained for display purposes and are those discussed in the analysis of the bill as amended January 16, 1998.

EFFECTIVE DATE

This bill would be effective on and after January 1, 1998.

BOARD POSITION

Pending.